Estimated Tax for Individuals 540-ES 1998 year 1 9 9 9 Fiscal year filers, enter year ending: month Your social security number If joint payment, spouse's first name Initial Last name Spouse's social security number Present home address — number and street including PO Box or rural route Apt. no. **Payment** Voucher City, town or post office State ZIP Code Due April 15, 1998 Make your check or money order payable to "Franchise Tax Board." Write your social security Amount of payment number and "Form 540-ES 1998" on it. Do not combine this payment with payment of your tax due for 1997. Mail this voucher and your check or money order to: 540-ES UNIT FRANCHISE TAX BOARD .00 PO BOX 942867 SACRAMENTO CA 94267-0031

- - - - - - DETACH HERE - -

For Privacy Act Notice, see form FTB 1131. File only if you are making a payment of estimated tax.

CALIFORNIA FORM

TAXABLE YEAR

TAXABLE YEAR

CALIFORNIA FORM

1998 Instructions for Form 540-ES

Estimated Tax For Individuals

A Purpose

Use this form to make installment payments of estimated tax. Estimated tax is the tax you expect to owe for 1998 after subtracting the tax you expect to have withheld and any credits you plan to take. Use these instructions and the Estimated Tax Worksheet to determine if you owe estimated tax and to figure the required installment amount. The required installment amount is based on the lesser of 80% of the current year's tax or 100% of the prior year's tax.

B Who Must Make Estimated Tax Payments

Important note: California and federal estimated tax payment requirements are not the same.

Generally, you must make 1998 estimated tax payments unless:

- More than 80% of your 1997 tax was paid by withholding; or
- More than 80% of your 1998 California adjusted gross income (AGI) will be wages subject to withholding; or
- More than 80% of your 1998 tax will be paid by withholding; or
- Your tax for 1997 (after subtracting withholding and credits) was less than \$100; or
- Your tax for 1998 (after subtracting withholding and credits) will be less than \$100.

Generally, you and your spouse may file either joint or separate payment vouchers. However, you must make separate estimated tax payments if:

- You are separated under a decree of divorce or separate maintenance: or
- You and your spouse have different taxable years.

If you make joint estimated tax payments but you and your spouse do not file a joint return for the taxable year, you and your spouse must agree on how to divide the estimated tax payments. You and your spouse may agree to claim the entire estimated tax on either spouse's separate return or divide the payments in any manner.

C When To Make Your Estimated Tax Payments

For estimated tax purposes, the year is divided into four payment periods. Each period has a specific payment due date. If you do not pay enough tax by the due date of each of the payment periods, you may be charged a penalty even if you are due a refund when you file your income tax return. The chart below lists the payment periods and due dates.

For the period

January 1 through March 31, 1998 April 1 through May 31, 1998 June 1 through August 31, 1998 Sept. 1 through Dec. 31, 1998 The payment due date is

April 15, 1998 June 15, 1998 September 15, 1998 January 15, 1999

Filing An Early Return In Place of the 4th Installment. If you file your 1998 tax return by February 1, 1999, and pay the entire balance due, you do not have to make your last estimated tax payment.

Annualization Option. If you do not receive your taxable income evenly during the year, it may be to your advantage to annualize your income. This method allows you to match your estimated tax payments to the actual period when you earned the income. You may use the annualization schedule included with form FTB 5805, Underpayment of Estimated Tax by Individuals and Fiduciaries.

Farmers and Fishermen. If at least two-thirds of your gross income for 1997 or 1998 is from farming or fishing, you may:

- Pay all of your estimated tax by January 15, 1999; or
- File your tax return for 1998 on or before March 1, 1999 and pay
 the total tax due. In this case, you need not make estimated tax
 payments for 1998. Attach form FTB 5805F, Underpayment of Estimated Tax by Farmers and Fishermen to the front of your return.

Fiscal Year. If you file your return on a fiscal year basis, your due dates will be the 15th day of the 4th, 6th and 9th months of your fiscal year and the 1st month of the following fiscal year. If a due date falls on a Saturday, Sunday or legal holiday, the next regular workday is the due date.

D How To Use Form 540-ES Payment Voucher

Use the Estimated Tax Worksheet and your 1997 California income tax return as a guide for figuring your 1998 estimated tax. There is a separate payment voucher for each due date. Please be sure you use the voucher with the correct due date shown on the right side of the voucher.

Fill in Form 540-ES:

 Print your name, address and social security number in the space provided on Form 540-ES. Use black or blue ballpoint pen. The scanning machines may not be able to read other colors of ink or pencil. Print all names and words in CAPITAL LETTERS. Print letters and numbers inside boxes. Fill in your name as in the following example:

Your first name	Initial	Last name	
JOHN .	A	$D_1 O_1 E_1 + \cdots + \cdots$	

If your name or address is too long to fit in the boxes provided do not shorten your name or address. Instead, ignore the boxes and fit the information in the space provided. Example:

Your first name	Initial Last name
JONATHAN,	A ZIGGZEPHYRSTONE

- 2. Enter in the payment box of the voucher only the amount you are sending in. When making payments of estimated tax, be sure to take into account any 1997 overpayment that you chose to credit against your 1998 tax, but do not include the overpayment amount in the amount of your payment. Therefore, the amount shown on line 19 of the Estimated Tax Worksheet should be reduced by any overpaid tax on your 1997 return that you chose to apply toward your 1998 estimated tax payment.
- Make your check or money order payable to "Franchise Tax Board." Write your social security number and "Form 540-ES 1998" on the check or money order. Mail your Form 540-ES and your check or money order to:

540-ES UNIT FRANCHISE TAX BOARD PO BOX 942867 SACRAMENTO CA 94267-0031

- 4. Fill in the Record of Estimated Tax Payments (located on the bottom of the Estimated Tax Worksheet) for your files.
- 5. **Fiscal year filers:** If you file your return on a fiscal year basis, be sure to fill in the month as in the following example:

month 06

E Failure To Make Estimated Tax Payments

If you are required to make estimated tax payments and do not, or if you underpay any installment, a penalty will be assessed (with certain exceptions) on the portion of estimated tax that was underpaid from the due date of the installment to the date of payment or the due date of your tax return, whichever is earlier. For more information, refer to form FTB 5805.

100ଥ	Estimated Tax Worksheet Keep this worksheet for	or vour records				
	·					
Caution	If your adjusted gross income (AGI) is over \$114,152, you credits may be limited. See the instructions for Form 540	-	•			
1 Resi	dents: Enter your estimated 1998 California AGI			1		
	esidents and part-year residents: Enter your estimated 1			•		
	you plan to itemize deductions, enter the estimated total of yo					
	you do not plan to itemize deductions, enter the estimated total of you					
		detion for your filling status.				
	\$2,583 if you are single or married filing a separate return	old or a qualifying widow(or)	2h			
	\$5,166 if you are married filing a joint return, head of househ tter the amount from line 2a or line 2b, whichever applies .			20	:	
	• •					
	act line 2c from line 1			3		
for F						
Also	4					
	dents: Skip to line 6.					
	esidents and part-year residents:	ACL (using Form FAMID)		г.		
а		A AGI (using Form 540NR)		ъа		
		all sources (using Form 540NF				
	Multiply the amount on line 4 by the ratio on line 5a. En					
	dents: Enter the exemption credit amount from the 1997 in			6		
	esidents or part-year residents: Multiply the total exemple	ion credit amount from the 1997	/ instructions for			
	540NR by the ratio on line 5a.			_		
	dents: Subtract line 6 from line 4			7		
	esidents or part-year residents: Subtract line 6 from line					
	on accumulation distribution of trusts. See instructions for for					
	ine 7 and line 8					
	ts for joint custody head of household, dependent parent a			10		
	esidents and part-year residents: Multiply the total 1997	•				
	act line 10 from line 9			11		
	r credits such as other state tax credit. See your 1997 inst					
	540NR					
	act line 12 from line 11					
14 Interest on deferred tax from installment obligations under IRC Section 453 or 453A						
15 1998 Estimated Tax. Add line 13 and line 14. Enter the result, but not less than zero						
16 a Enter 80% (663% for farmers and fishermen) of line 15						
	nter 100% of the tax shown on your 1997 Form 540, line 34;					
	Form 540NR, line 43					
	equired Annual Payment. Enter the lesser of line 16a or line 1			16c	·	
Cauti	on: Generally, if you do not prepay at least the amount on lin					
	enough estimated tax. To avoid a penalty, make sure you		occurate as possible.			
	If you prefer, you may pay 100% of your 1998 estimated	-				
	ornia income tax withheld and estimated to be withheld dur	•	•	17		
	nce. Subtract line 17 from line 16c. If less than \$100 (or le		•			
	ake a payment at this time			18		
	Iment amount. Divide the amount on line 18 by 4. Enter the	3	•		00	
will e	arn your income at an uneven rate during the year, see, A	Annualization Option, in the instr	uctions under paragraph C	19		
Pacar	d of Estimated Tax Payments					
	it voucher		(c) 1997 overpayment	(d) To	otal amount paid and	
number		(b) Amount paid	applied		edited (add (b) and (c))	
1	.,	\$	\$	\$	- "	
2				i i		
3						
4						
		\$	\$	\$		

Mail your Form 540-ES payment vouchers to: 540-ES UNIT, FRANCHISE TAX BOARD, PO BOX 942867, SACRAMENTO CA 94267-0031.